

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 First Round

June 12, 2019

Willow & Alluvial Family Apartments, located at 725 West Alluvial Avenue in Clovis, requested and is being recommended for a reservation of \$2,313,666 in annual federal tax credits to finance the new construction of 59 units of housing serving large families with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Housing Authority of Fresno County and will be located in Senate District 8 and Assembly District 23.

Project Number CA-19-024

Project Name Willow & Alluvial Family Apartments

Site Address: 725 West Alluvial Avenue
Clovis, CA 93611 County: Fresno
Census Tract: 55.140

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,313,666	\$0
Recommended:	\$2,313,666	\$0

Applicant Information

Applicant: Housing Authority of Fresno County
Contact: Preston Prince
Address: 1331 Fulton Street
Fresno, CA 93721
Phone: 559-443-8475
Email: pprince@fresnohousing.org

General Partner(s) / Principal Owner(s):	Housing Authority of Fresno County Silvercrest, Inc.
General Partner Type:	Nonprofit
Parent Company(ies):	Housing Authority of Fresno County
Developer:	Housing Authority of Fresno County
Investor/Consultant:	California Housing Partnership Corporation
Management Agent(s):	GSF Properties Inc.

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	7
Total # of Units:	60
No. & % of Tax Credit Units:	59 100%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	None

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Central Valley Region
TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability**Aggregate Targeting Number of Units**

At or Below 30% AMI:	21
At or Below 40% AMI:	5
At or Below 50% AMI:	11
At or Below 60% AMI:	6
At or Below 70% AMI:	8
At or Below 80% AMI:	8

Average Income Project (70% and/or 80% AMI Units): 50% AMI targeted average or less is required

Unit Mix

8 1-Bedroom Units
34 2-Bedroom Units
18 3-BedroomUnits
60 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	30%	\$336
8 2 Bedrooms	30%	30%	\$403
8 3 Bedrooms	30%	30%	\$465
4 2 Bedrooms	40%	40%	\$538
1 3 Bedrooms	40%	40%	\$621
1 1 Bedroom	50%	50%	\$560
6 2 Bedrooms	50%	50%	\$672
4 3 Bedrooms	50%	50%	\$776
4 2 Bedrooms	60%	60%	\$807
2 3 Bedrooms	60%	60%	\$931
2 1 Bedroom	70%	70%	\$784
6 2 Bedrooms	70%	70%	\$941
6 2 Bedrooms	80%	80%	\$1,076
2 3 Bedrooms	80%	80%	\$1,242
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,840,000
Construction Costs	\$15,951,840
Rehabilitation Costs	\$0
Construction Contingency	\$1,867,684
Relocation	\$0
Architectural/Engineering	\$1,002,800
Const. Interest, Perm. Financing	\$1,688,367
Legal Fees	\$155,000
Reserves	\$235,216
Other Costs	\$2,163,768
Developer Fee	\$2,036,706
Commercial Costs	\$0
Total	\$26,941,381

Residential

Construction Cost Per Square Foot:	\$267
Per Unit Cost:	\$449,023
True Cash Per Unit Cost*:	\$449,023

Construction Financing

Source	Amount
Wells Fargo	\$18,987,731
HRFC ¹	\$4,250,000
Deferred Cost	\$1,653,922
Tax Credit Equity	\$2,049,728

Permanent Financing

Source	Amount
CCRC ²	\$1,070,000
HRFC ¹	\$4,250,000
Tax Credit Equity	\$21,621,381
TOTAL	\$26,941,381

¹Housing Relinquished Fund Corporation²California Community Reinvestment Corporation

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$19,774,919
130% High Cost Adjustment:	Yes
Requested Eligible Basis:	\$0
Applicable Fraction:	100.00%
Qualified Basis:	\$25,707,395
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,313,666
Approved Developer Fee in Project Cost:	\$2,036,706
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.93451

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$19,774,919
Actual Eligible Basis:	\$23,525,991
Unadjusted Threshold Basis Limit:	\$18,388,472
Total Adjusted Threshold Basis Limit:	\$21,900,439

Adjustments to Basis Limit

Local Development Impact Fees
Highest or High Resource Opportunity Area

Tie-Breaker Information

First:	Large Family
Final:	45.157%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet or exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions:

Staff noted that the preliminary architectural drawings lacks detailed description of suitable play area for children's play area. The applicant is cautioned that outdoor play/recreational space must be equipped with reasonable play equipment for the size of the project and the surface must be natural or synthetic protective material pursuant to TCAC Regulations 10325(g)(1)(D).

Legal Status

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency

The Local Reviewing Agency, City of Clovis, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Negative Points		0	0
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1½ mile of a public high school	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Within ½ mile of a pharmacy	2	2	2
Highest or High Resources Area	8	8	8
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.